ILLINOIS MATERNAL & CHILD HEALTH COALITION

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Comments regarding the Option of Establishing an Insurance Exchange in Illinois
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Since 1988, the Illinois Maternal and Child Health Coalition (IMCHC) has been fighting to improve the health of all women, babies, young people and families in Illinois. As an organization, we bridge the gap between policy makers and those affected by their decisions. Through education, we empower people to make healthy choices that strengthen families and communities.

IMCHC focuses on expanding access to health coverage, promoting effective health care delivery models, reducing service disparities and encouraging quality improvement in pivotal policy areas that contribute to improved health outcomes for women, children and families in Chicago and throughout the state of Illinois.

We applaud the State of Illinois for taking the necessary steps to implement the Affordable Care Act. While this will be a significant move forward to provide access to affordable health care for hundreds of thousands of Illinoisans, IMCHC is concerned about President Obama's Executive Order that applies the Hyde Amendment to all provisions of the ACA, as well as the exclusion of undocumented individuals from any public or private coverage options. We encourage Illinois to implement policies and create systems of care that allow for women to access the full range of reproductive services, including contraceptives and abortion care coverage, and create mechanisms for the undocumented to access both health care and health insurance.

Thank you for the opportunity to provide comment on the Exchange. If you have any questions about responses provided in this document, please contact Kathy Chan at 312-491-8161x24 or kchan@ilmaternal.org.

I. Functions of a Health Benefit Exchange

1. What advantages will Illinois see in operating its own exchange versus permitting the U.S. Department of Health and Human Services (HHS) to run an Exchange for the State?

Illinois will see a significant advantage to operating its own Exchange because the state will be able to better tailor this marketplace to the particular needs of Illinoisans, especially those below 400% of the Federal Poverty Level. The intention of the Exchange is to better serve consumers and small businesses, and Illinois consumers require an insurance marketplace that is responsive to them. However, in order to achieve these goals, it will be important to put in place stronger regulations on private insurance plans in Illinois. Suggestions of specific policies are included in responses to subsequent questions.

Since the Exchange is required to serve as an entry-point for public and private insurance, IMCHC believes that establishing a state-based exchange would make it easier to coordinate with Illinois' existing public programs such as All Kids, FamilyCare and Moms and Babies.

A state-run Exchange must include collaboration between agencies involved in public health and health care in Illinois', which would help create and ensure a more efficient system of care for consumers. These agencies include, but are not limited to, the Division of Insurance, the Department of Healthcare and Family Services, the Illinois Department of Human Services, the Illinois Department of Public Health and leadership within the Governor's office.

2. What are the most desirable outcomes from an insurance market perspective? What features should the Exchange contain in order to reach those outcomes?

The Illinois Exchange should offer comprehensive coverage at an affordable cost in a setting that is easy to use and understandable by the consumer. While there has been much talk about consumers accessing the Exchange online, it will be important to have other means of access to the Exchange such as through trusted community-based agencies that can help consumers navigate the complex insurance system, especially for those with low-literacy skills or who do not speak/read English as their primary language. Administrators should also keep in mind that interacting with the Exchange may be the first time many individuals will apply for insurance coverage and a system needs to be designed to reduce any efforts to intimidate or scare off consumers.

The state should work with the insurance industry to ensure that a wide range of coverage plans, beyond the basic benefits package, are options for the Illinois consumer on the Exchange. The focus of the Exchange should be on the needs of the consumer and should encourage as many Illinois residents to participate as possible to reduce adverse selection.

Additionally, the Exchange should be designed in a manner that is easy to use, especially for individuals with limited reading comprehension or for whom English is not their primary language. Illinois' Exchange should also consider those Illinoisans who do not have access to a computer, or the internet in their homes, and provide centralized locations across the state where individuals may go to receive assistance in applying for insurance on the exchange. Lay language, free from confusing boilerplate, should be utilized on the Illinois exchange exclusively. This language should be tested with actual consumers before going "live" and can be done through consumer advocacy agencies or existing structures such as the Public Education Subcommittee of the Medicaid Advisory Committee, which regularly reviews materials for clarity and access by vulnerable and low-literate populations.

3. What, if any, Exchange functions beyond the minimum clearinghouse functions required in the ACA would benefit Illinois and why?

The Exchange should undertake additional regulatory and market functions in order to improve the quality of services and make Illinois' Exchange an attractive venue through which to access coverage. Illinois should not only competitively limit the number of comprehensive health plans offered on the exchange in order to ensure that these plans are of the highest value and quality for consumers, they should also allow for stand-alone coverage to be made available in specific health areas such as oral health for adults, and abortion care coverage.

Illinois should have the information and capability to inform consumers about the additional benefits of one plan and insurer versus another, in order to support consumers in making informed decisions. Additionally, the Exchange should elicit feedback from consumers regarding the efficacy of the Illinois exchange, as well as the plans it offers and share their findings annually with state advocates. This could be established in a way similar to the federal government's administration of www.healthcare.gov which allows for users to submit feedback about the usability of most areas of the site and incorporated the most helpful suggestions.

Finally, the Exchange should provide an administrative function for consumers and small businesses, in order to ensure the efficient processing of payments, application of premium credits and coordination of electronic health records to ensure smooth transitions between insurance offerings.

4. **What advantages are presented to Illinois if the Exchange were to limit the number of plans offered; for example, plans could be required to compete on attributes such as price or quality rating? Is the Exchange a stronger marketplace if it permits "any willing provider" to sell coverage?**

The prescreening must include consideration for the quality of the coverage, as well as allow for higher ratings if the plans offer benefits beyond the basic package. This prescreening should be through a bidding process in which plans must "apply" or "bid" to be in the Exchange. In order to encourage a balanced marketplace both within and outside the Exchange, we encourage Illinois to require that all plans that wish to do business in Illinois be required to submit a bid to sell on the Exchange. IMCHC does not support the idea that "any willing provider" be allowed to sell coverage on the Exchange.

II. Structure and Governance

1. **If Illinois chooses to establish its own Exchange, which governance structure would best accomplish the goal of more affordable, accessible health insurance coverage? Why?**

In order to ensure the highest levels of transparency, the Exchange should operate as an independent public entity separate from state government, but still be subject to FOIA and open meeting rules. IMCHC supports the operation of the Exchange by a governing board that is unpaid, independent and free from conflict. The governing board should meet more frequently in the first 12-36 months of operation (at least every other month) and at a minimum, meet subsequently on a quarterly basis.

In an effort to encourage greater public input and participation, IMCHC also recommends for a separate advisory board that includes consumers from all regions of the state in which insurance plans are community rated.

2. If the Exchange is run by an executive director and/or a governing board, what should be the expertise of those appointed? How long should the terms be? Are there existing models to which the State should look?

Representatives from Illinois state agencies including the Illinois Departments of Healthcare and Family Services, Insurance, Human Services and Public Health should be appointed to serve on the governing board, along with those who represent consumers and small businesses.

Best practices from the Massachusetts experience of implementing their state Exchange indicate that conflicts of interest are avoided by disallowing providers and insurance companies from having a role on the governing board. The governing board should be of a manageable size, such as one that includes no more than 11 members. IMCHC recommends term limits of three years, with a maximum of two consecutive terms. Additionally, Exchange staff or governing board members should be prohibited from moving directly into or from the insurance industry.

The Exchange should be required to issue an annual report detailing activities, statewide enrollment, fiscal health and impact on state health programs. Exchange staff should also host annual meetings in three to four areas of the state to present this report and solicit community feedback.

III. The External Market and Addressing Adverse Selection

1. Should Illinois establish a dual market for health insurance coverage or should it eliminate the external individual market and require that all individual insurance be sold through the Exchange?

For the first several years of operation, IMCHC recommends that Illinois allows for establishment of a dual marketplace that prevents adverse selection and promotes competition through a strong, stable marketplace and diverse pool of enrollees. The role of a market outside of the Exchange would serve to provide insurance coverage to individuals and families who are not allowed to purchase within the Exchange or access plans with health care services that may disallowed from participating in the Exchange.

However, once the Exchange becomes 100% self-financed, we recommend that the external market be collapsed and absorbed by the Exchange. While the ACA explicitly prohibits undocumented individuals from purchasing within the Exchange, IMCHC recommends that Illinois look into an Exchange model that could show clear separation between state and federal funds when it comes to

providing access to health insurance for this population. When Illinois' Exchange is no longer financed by federal funds, and as long as we can show that undocumented individuals are not accessing federal subsidies, Illinois may be able to implement practices that allow for access to the Exchange. Illinois' All Kids program could be looked to for best practices as this program accesses federal funds but also covers undocumented children.

2. What other mechanisms to mitigate "adverse selection" (i.e. requiring the same rules for plans sold inside and outside of the Exchange) should the state consider implementing as part of an Exchange?

If a dual market is established, IMCHC strongly recommends that legislation be passed that requires plans participating inside and outside the Exchange to be guided by the same standards to avoid turning the Exchange into a high-risk pool that only attracts the sickest and costliest individuals. Such requirements should include, but not be limited to:

- Guaranteed issue
- Prohibiting premium rating based on health condition
- Eliminating pre-existing condition exclusions
- Establishing a waiting period of no longer than 90 days
- Limiting out-of-pocket costs and cost-sharing

IMCHC also recommends that plans that wish to offer coverage in Illinois be required to submit a bid to participate inside the Exchange. While this will not guarantee this plan a place within the Exchange, it is important for them to put forth a "good faith effort" to do so. Additionally, plans outside of the Exchange must be qualified health plans to ensure that these plans do not only offer limited coverage plans that may be less expensive (and cover less) that could attract only healthy individuals.

While catastrophic plans will only be available to those under the age of 30, we recommend that these plans only be allowed to sell within the Exchange to help spread the risk since purchasers are young adults who are likely to be healthy.

Illinois should consider stricter requirements for all insurance plans, regardless of their grandfathered status. In absence of such requirements, there is a chance that only high-cost enrollees seek out non-grandfathered plans on the Exchange.

IMCHC supports the creation of a "public option" similar to what was originally proposed at the federal level that can bring additional competition to the market that will ideally have lower administrative costs bringing savings that can be passed along to the consumer.

We also encourage Illinois to expand the Exchange in 2017 to allow for state and local government employees to participate in the Exchange, which would greatly increase and diversify the risk pool.

3. **Are there hybrid models for the Exchange the State should consider? What characteristics do they offer that would benefit Illinoisans?**

IMCHC supports hybrid models that include consumer protection provisions mentioned throughout our responses that avoids adverse selection and ensures that low-cost and comprehensive plans are offered within and outside the Exchange.

4. **If the Exchange and the external market operate in parallel, what strategies and public policies should Illinois pursue to ensure the healthy operation of each? Should the same rules apply to plans sold inside and outside an Exchange? Should the same plans be sold inside and outside the Exchange without exception?**

The Exchange and external market should be governed by the same rules and regulations – without such mechanisms in place, adverse selection is more likely to occur. As mentioned earlier, all plans that wish to participate in Illinois' marketplace should be required to submit a bid to participate on the Exchange – if they are denied, in order to sell on the external market they must still offer a qualified plan.

The Exchange should have the authority to certify plans and approve or deny their participation in the Illinois Exchange or external market. The Exchange should also use its unique position as the "portal" for many individuals and small businesses to also educate these consumers about how to stay/become healthy, such as tips on how to manage chronic disease or using preventive services. This could include linking to resources provided by local or county health departments or other widely recognized organizations. Consumers should have a clear idea of how and where to file a grievance or complaint, as well as ask general questions.

IMCHC encourages the implementation of legislation that provides the Department of Insurance greater authority for rate review, enforcement of ACA policies and state rules, as well as sufficient resources to respond to consumer inquiries and complaints.

5. **What rules (if any) should the State consider as part of establishing the open enrollment period?**

IMCHC recommends that Illinois create and monitor guidelines governing the open enrollment period instead of putting this in the hands of the insurers. These policies will need to be more generous in the first 12-36 months of operation as it will take a significant amount of time for individuals and families to adjust to these new rules. Illinois should consider setting such rules as: restricting insurers' ability to underwrite outside of the enrollment period, expanding when open enrollments must occur and for long of a period and providing for special enrollment periods or exceptions, such as changes in marital status or employment change. The State should look to the exceptions provided in the rules that govern the All Kids health insurance program that allow for children to qualify for coverage when they haven't been uninsured for 12 months.

Regarding consumer education, we encourage Illinois to work through ALL state agencies and with community-based agencies to help educate Illinois residents about open enrollment periods.

Best practices for open enrollment for Medicare Part D should be taken into consideration, including strategies that most effectively reach the hardest-to-reach populations (homeless, disabled, low-literate, non-English speakers, etc…) that often have the highest needs. This should include consideration of a comprehensive marketing strategy with paid and earned media. Media can be particularly effective and cost-efficient in smaller media markets that target non-English speakers, such as in Polish, Chinese, Korean and Spanish language newspapers, radio shows and television. Such a strategy was employed during the implementation of All Kids, which helped provide not only information that was linguistically appropriate, but also in a culturally sensitive manner.

Since the Exchange is expected to cross-check citizenship and financial information, IMCHC proposes that a reasonable period be provided to the applicant to resolve any inconsistencies that may be found. Such period should be no less than 90 days, during which the Exchange should review the application based on the information provided by the applicant. If a resolution is not provided by the applicant at the end of the period, the Exchange must provide sufficient notice to the applicant.

6. **The ACA requires states to adopt systems of risk adjustment and reinsurance for the first three years of Exchange operation. How should these tasks be approached in Illinois? What are issues the State should be aware of in establishing these mechanisms?**

Illinois must closely monitor insurers to ensure that they are providing accurate information about the health status of their populations and that risk is actually being pooled across all plans, as guided by the ACA. Illinois should conduct periodic audits of insurer data and closely examine rate filings and other information provided to regulators, as well as rules to ensure that setting up an affiliate or subsidiary does not an insurer to avoid the "single risk pool" requirement.

Violations of these rules should result in monetary fines that recoup lost costs to the consumer, as well as an administrative fee to fund the state regulators and the Exchange. The state should also consider whether gross violations could result in the insurer being barred from participating in Illinois' market in a manner that would not disrupt the coverage of the plan's covered lives.

7. **Given the new rules associated with the Exchange, and the options available for restructuring the current health insurance marketplace, what should the state consider as it relates to the role of agents and brokers?**

Ideally, the establishment of an Exchange would decrease the need for consumer and small businesses to seek out the services of a broker or agent, as the Exchange is expected to provide

necessary coverage and rate information in an easily understandable manner that allows for an "apples to apples" comparison between plans. However, it is understandable that the experience of brokers and agents may continue to play a role in the marketplace.

At the same time, brokers/agents should be prohibited from charging/receiving higher commissions for selling plans outside of the Exchange.

IMCHC encourages the expansion of the Application Agent model that has been successfully used with the All Kids program since 2000. All Kids Application Agents (AKAAs) are typically community-based agencies or health care providers that assist families collect necessary paperwork and complete an All Kids application. In return, agencies receive a $50 technical assistance payment for each completed application that results in an enrollment and does not require additional follow up from a state caseworker or All Kids processor. AKAAs have a success rate ranging from 80-90% for first-time successfully completed applications. They are also trusted resources in the communities they serve and often provide translation and interpretation services, as well as basic education about using their insurance card and where they can access care. AKAAs are also present at community events and sometimes have non-traditional hours that are more accommodating to working families (nights, weekends). The role of AKAAs should be expanded to help families navigate the Exchange, which would be especially useful for those families applying for private insurance for the first time.

IV. Structure of the Exchange Marketplace

1. **Should Illinois operate one exchange or two separate exchanges for the individual and small group markets? Why?**

2. **If there will be separate markets and separate exchanges, how large must the pools within these markets be to ensure stable premiums for both?**

Illinois should have a single Exchange, as it would make establishment of a strong and stable market that relies on a large, variable risk pool more likely by reducing the risk of instability produced by large claims or a small number of high users. However, this should only be done after careful consideration and hearing input from all stakeholders to ensure that this is the best structure that is most attractive to the diverse populations and needs in Illinois.

At the same time, Illinois may choose to wait until major changes in premium rating rules are made in the individual and small group markets. These reforms may initially cause some substantial shifts in premiums (both up and down) for individuals and small businesses. However, once these rules are in place, it will be easier for Illinois to merge the two markets with less risk of market disruption. The Exchange could review data over a set period of time on the potential impact on rates paid by individuals and by small employers in a merged market, as compared to rates paid if a separate

individual market is maintained. The Exchange could then issue a report with recommendations on whether to merge these markets.

3. What should the Illinois definition of small employer be for initial Exchange participation in 2014?

IMCHC recommends that Illinois law be changed to align with the ACA's definition of small employers in order to ensure consistency and avoid any confusion.

4. Should Illinois consider setting any conditions for employer participation in the shop Exchange (e.g. minimum percent of employees participating, minimum employer contribution)?

Many women work for small employers and as a small employer ourselves, IMCHC strongly believes that employers should provide a basic level of health insurance benefits for their employees, including requiring a minimum contribution from the employer towards monthly premium costs and the option of dependent coverage. However, at this time, we are not ready to recommend specific minimum levels and will provide a more informed response at a later time.

5. Should Illinois permit large group employers with more than 100 employees to participate in the Exchange beginning in 2016? Are there any special considerations for including the group of which the State should be aware?

Large employers should only be allowed to participate on the Exchange if doing so continues to promote a strong and stable market that improves affordability, is attractive to a diverse population and ensures the greatest participation while minimizing adverse selection. It should also be noted that large employers would be required to purchase qualified health plans on the Exchange, which could be more generous than current plans provided to their employees.

6. Should Illinois consider creation of separate, regional exchanges for different parts of the State? Should Illinois consider a multi-state Exchange?

Illinois should only consider regional or multi-state Exchanges if either/both of those options present an opportunity to create an Exchange that is stronger and more stable, as well as minimizes adverse selection, than one that would be statewide.

V. Self-Sustaining Financing for the Exchange

1. How should the Exchange's operations be financed, after federal financial support ends on December 31, 2014?

IMCHC supports a financial option that would be the least likely to add to consumers' cost for coverage. Options might include charging assessments or user fees to participating health insurance companies, provided that these fees aren't passed onto consumers; or found in new targeted revenue proposals. Additionally, the state should ensure that whatever option is decided upon, that it does not discourage participation in the Exchange, promotes transparency and is cost-effective for consumers.

2. What are the ramifications of different financing options, specifically as they relate to the unique characteristics of Illinois' existing economy and health insurance marketplace?

Illinois must have funding in place that grows and is an ongoing stable source of revenue.

3. Should the State consider a separate funding source for maintaining state benefit mandates? If so, what are some options?

Since the US Department of Health and Human Services has not released a final definition of "minimum creditable coverage" it is difficult to respond to this question since it is unknown which of Illinois' mandates may be included. Illinois should be proactive and set aside funding to pay for state mandated benefits that are not included in the federal minimum standard. It should be a separate financing mechanism from that which funds the Exchange. In the event that all Illinois mandates are included, the state can move those funds into other areas of implementation.

VI. Eligibility Determination

1. How should the Exchange coordinate operations and create a seamless system for eligibility, verification and enrollment in the Exchange, Medicaid, the Children's Health Insurance Program (CHIP) and perhaps other public benefits (food stamps, TANF, etc…)?

Currently, over 2.6 million children, parents, pregnant women and adults are enrolled in comprehensive medical programs administered by the Illinois Department of Healthcare and Family Services. In 2014, it is expected that 700,000 adults will be newly eligible for Medicaid. Having a seamless, functioning system that draws verification information from other programs will be critical to the success of enrollment. This is particularly important for the individuals and families who will move from Medicaid or other forms of public coverage to private insurance that partially covered by federal subsidies accessed through the Exchange.

IMCHC encourages the Exchange to implement practices and policies such as:

- Align, to the furthest extent possible, Medicaid rules and verification requirements with other public benefit programs and/or vice versa.
- Utilizing other state programs that collect information on income to verify information provided by the consumer to decrease the burden to provide information that is already being collected/stored by state agencies.

- Ensuring that IT systems are current and can transfer information between Medicaid and the Exchange.
- Allowing for easy enrollment into multiple public benefit programs based on income information provided online in the Exchange. For an example of how this has been done, consider the RealBenefits application, which has been used by community-based agencies in Illinois for several years to help clients apply for Medicaid, food stamps, TANF and other programs through a single application process.
- Establishing the Exchange as the gateway to ALL insurance options, but categorize applicants based on income in order to ensure they are placed in the appropriate program option for them. This could be based on tax returns since this may be the method that will be used to determine eligibility for premium credits.
- Reviewing the best practices in Medicaid/Children's Health Insurance Program (CHIP) that promotes "Express Lane Eligibility" which utilizes information captured by other programs (such as free/reduced lunch schools) to help determine eligibility for Medicaid.
- Ensuring that if someone who applies for Medicaid coverage in the Exchange is denied, that they are immediately informed about their opportunity to apply for private coverage and subsidies (if applicable).
- Linking the Exchange to other public benefit programs OR creating a "quick screening" tool that users could have the option of using to see if information they provide to the Exchange may make them eligible for other public benefits.
- Building an Exchange information system that allows for the receipt of electronic information from third party vendors that may have existing electronic applications for Medicaid. This would prevent a need to print out information and could increase efficiency.
- Creating multiple methods for individuals to check on the "status of their application". This could be through a toll-free phone number of on a secure website.

IMCHC strongly encourages that the Exchange work to establish a culture that encourages the continued enrollment of eligible individuals and families for tax credits or coverage in public programs, rather than working to find consumers ineligible for coverage or subsidies or holding individuals unreasonably responsible for continually having to work at maintaining coverage.

2. When enrollees move between public and private coverage, how should Illinois maintain continuity of health care – in plan coverage and in availability of providers, e.g. primary care physician?

Having a seamless system that allows individuals to move between Medicaid and subsidized private coverage is the first step to ensuring continuity of health care. When it comes to providers, the Exchange should work with the Illinois Department of Healthcare and Family Services (HFS) to ensure that provider networks for those in Medicaid and those who would be enrolled in subsidized coverage, i.e. all under 400%, maintain a provider network that is as similar as possible.

HFS expects to maintain nearly a quarter of Illinois insured population between state employees, current Medicaid enrollees and those who will be newly eligible in 2014. As a result, they will have a great deal of bargaining power on their side when it comes to negotiating a broad network for these populations.

It will also be important for the Exchange to provide information on specific providers included in each plan offered in the Exchange. Making this information available to consumers will help them make more informed choices.

Additionally, IMCHC encourages Illinois to require that all managed care plans that participate in Medicaid also participate in the private insurance market. This is another way that consumers can be better positioned to have a similar network if they have to move between public and private coverage.

3. **What will maximize coordination between Medicaid as a public payer and insurance companies as private payers offering health insurance on the Exchange in their provider networks, primary care physicians ("medical homes"), quality standards and other items?**

IMCHC encourages Illinois to continue to promote the medical home model and care coordination through the currently operating Primary Care Case Management and Disease Management programs. Since implementation in 2006, both systems of care have resulted in significant cost savings. Provisions in ACA may even allow for Illinois to draw down additional federal dollars for these or similar programs that promote medical homes.

The Exchange should not only make available information about what providers participate included in which plan, but also easily searchable and accessible information by Primary Care Provider (PCP) and which health plans consider them "in-network". This will help consumers make more informed choices and be able to see at-a-glance whether their preferred PCP is part of the plan they are considering.

4. **Should Illinois establish a "Basic Health Plan"? If so, what should be included in such a plan? Specifically, what does a "basic health plan" offer as a tool to facilitate continuity of coverage and care?**

IMCHC recommends the establishment of a Basic Health Plan (BHP). BHPs have the potential to offer seamless coverage for families if they become ineligible for Medicaid because of an increase in family income and can allow for parents and children under 200% to be covered in the same health plan.

While we await further guidance, IMCHC's understanding is that BHPs would allow Illinois to receive 95% of the federal subsidies that would have otherwise been paid to individuals and use these funds to contract directly with private plans to offer coverage. Additionally, since BHPs are

minimally required to meet "essential health benefits" this option may be more comprehensive and cost-effective for low-income and working families. Costs-savings can be passed onto families in the form of dental/vision coverage, abortion care coverage and other services not included in federally mandated essential benefits.

Since Illinois' CHIP eligibility levels are from 134-200% there may also be an opportunity to align BHP enrollment of adults (from 186-200%, since FamilyCare covers those at or below 185%) that are already captured in state eligibility systems. Therefore, contacting these families and enrolling them into a BHP may be possible through administrative means, rather than requiring a full application from parents whom we already have basic information from the application they filed for their child.